

Message Text

LIMITED OFFICIAL USE

PAGE 01 WARSAW 01160 270747Z

10

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

COME-00 TRSE-00 CIEP-01 OMB-01 FCSC-01 /066 W

----- 072554

R 261545Z FEB 75

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 3600

INFO AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY PARIS

LIMITED OFFICIAL USE WARSAW 1160

E.O. 11652: N/A

TAGS: EFIN, PL

SUBJECT: INTERIM SETTLEMENT REACHED ON DEFAULTED POLISH GOVERNMENT AND DANZIG BONDS.

REF: A. WARSAW 1083, B. WARSAW 0836

1. ON FEBRUARY 21, THE FOREIGN BONDHOLDERS PROTECTIVE COUNCIL (FBPC) AND THE POLISH MINISTRY OF FINANCE AGREED ON A SETTLEMENT OF TWO LONG-DEFAULTED BOND ISSUES. THE TEXT OF THE AGREED MINUTE WHICH CONTAINS THE DETAILS OF THE INTERIM SETTLEMENT WAS TRANSMITTED BY REF A.

2. THE AGREED MINUTE PROVEDES : (A) THE POLISH GOVERNMENT WILL OFFER HOLDERS OF THE POLISH BONDS CASH PAYMENTS OF 40 PERCENT OF THEIR FACE VALUE. THE ENTIRE PAYMENT WILL BE MADE ON JULY 1, 1976, IF THE VALUE OF THE BONDS ACCEPTING THE SETTLEMENT IS 8,500,000 DOLLARS OR LESS. IF THE VALUE IS GREATER, THE PAYMENTS WILL BE MADE IN TWO INSTALLMENTS, THE SECOND OF WHICH IS DUE ON JULY 1, 1977. THE PROPORTION OF THE TOTAL PAYMENT TO BE MADE ON JULY 1, 1976, WOULD BE REDUCED, AS THE AMOUNT OF

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 WARSAW 01160 270747Z

BONDS OFFERED FOR REDEMPTION INCREASES, TO A MINIMUM

OF 50 PERCENT IF THE VALUE EXCEEDS 14,000,000 DOLLARS;
(B) HOLDERS OF DANZIG BONDS WILL BE OFFERED CASH PAYMENT
OF 35 PERCENT OF THEIR FACE VALUE WITH PAYMENT TO TAKE
PLACE NO LATER THAN JULY 1, 1976. IF THE BRITISH ARE
SUCCESSFUL IN NEGOTIATING A SETTLEMENT FOR MORE THAN
35 PERCENT OF THE FACE VALUE OF THE DANZIG STERLING
BONDS, THE SAME SETTLEMENT MUST, UNDER THIS AGREEMENT,
BE EXTENDED TO HOLDERS OF DANZIG DOLLAR BONDS.

3. THE FINAL AGREEMENT CONCERNING THE POLISH BONDS IS
TO BE SIGNED BEFORE MAY 1, 1975, WHILE, WHILE THAT GOVERNING
THE DANZIG BONDS SHOULD BE SIGNED AFTER A PRELIMINARY
AGREEMENT ON THE STERLING BONDS IS REACHED BY THE POLISH
GOVERNMENT WITH THE BRITISH. WOODS SAID THAT THE POLISH
SIDE INDICATED IT WAS UNWILLING TO PROCEED WITH PAYMENTS
ON THE DANZIG BONDS UNTIL THE DANZIG GOLD WAS PHYSICALLY
RETURNED TO POLAND, AND HE SAID HE APPRECIATED THEIR
POINT OF VIEW. HE FELT THAT AS A MINIMUM THE TRIPARTITE
COMMISSION WOULD HAVE TO AUTHORIZE THE RETURN OF THE
DANZIG GOLD TO POLAND BEFORE PAYMENTS TO BONDHOLDERS
WOULD BEGIN. WOODS THOUGHT THAT BY ALLOWING UNTIL
JULY 1, 1976, FOR PAYMENT TO BE MADE TO THE DANZIG
BONDHOLDERS, THERE SHOULD BE ADEQUATE TIME FOR THE
STERLING BONDHOLDERS TO SETTLE WITH POLAND AND FOR
THE GOLD TO BE RETURNED BEFORE THE POLISH GOVERNMENT
HAS TO MAKE A PAYMENT.

4. IN INFORMING THE EMBASSY OF THE SUCCESSFUL COMPLE-
TION OF THE NEGOTIATIONS, MR DAVID PAYNE, AN ATTORNEY
WHO ACCOMPANIED MR WOODS TO POLAND, TOLD US THAT
MR WOODS AND ME REGARD THE AGREED MINUTE AS SATISFYING
THE REQUIREMENTS OF THE FBPC.

5. WE HAVE BEEN IN TOUCH WITH THE BRITISH EMBASSY HERE
DURING THE PAST WEEK AND HAVE GIVEN THEM A COPY OF THE
AGREED MINUTE. BOTH WOODS, WHO STOPPED IN LONDON TO
CONSULT ABOUT THE STATUS OF THE STERLING BONDS BEFORE
COMING HERE, AND THE POLISH NEGOTIATORS, WHO HAD ALSO
VISITED LONDON RECENTLY, BELIEVE SETTLEMENT WITH THE
BRITISH ON TERMS SIMILAR TO THOSE ACHIEVED BY THE DANZIG
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 WARSAW 01160 270747Z

DOLLAR BONDHOLDERS SHOULD NOT BE TOO DIFFICULT. A KEY
INDIVIDUAL ON THE BRITISH SIDE IS A MR GILCHRIST IN THE
BANK OF ENGLAND.

6. RECOMMENDATION: IN VIEW OF THE ABOVE AND IN ACCORDANCE WITH THE
TERMS OF THE AIDE MEMOIRE WE GAVE THE POLES ON FEBRUARY 10 ON
THE SPECIFIC STEPS REQUIRED FOR THEM TO SECURE THE
DANZIG GOLD (REF B), WE RECOMMEND THAT WE NOW SUGGEST

TO THE BRITISH AND FRENCH GOVERNMENTS THAT THE THREE
MEMBER-GOVERNMENTS, BY MEANS OF IDENTICAL NOTES,
REQUEST THE TRIPARTITE GOLD COMMISSION TO REVIEW ITS
DECISION OF JUNE 19, 1958, WITH A VIEW TOWARDS THE
TRANSFER OF THE GOLD TO POLAND.

7. WHILE THE POLISH GOVERNMENT HAS TACITLY ACCEPTED
THE LINKING OF THE DANZIG GOLD AND THE BOND ISSUES, IT
IS NOT PREPARED TO DO SO PUBLICLY. WE SHOULD THEREFORE
AVOID LINKING THE TWO ISSUES IN ANY STATMENTS OR
DOCUMENTS WHICH MIGHT BECOME PUBLIC.
DAVIES

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BONDS, AGREEMENTS, TEXT, BONDS (SECURITIES)
Control Number: n/a
Copy: SINGLE
Draft Date: 26 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975WARSAW01160
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750069-0079
From: WARSAW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975029/aaaaahsp.tel
Line Count: 127
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 WARSAW 1083, 75 WARSAW 0836
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2003 by ShawDG>; APPROVED <23 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INTERIM SETTLEMENT REACHED ON DEFAULTED POLISH GOVERN- MENT AND DANZIG BONDS.
TAGS: EFIN, PL
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006